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CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL 2040
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, APRIL 25, 2018
TIME: 4:10 P.M.

Reported By: Mary C. Clark
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1 APPEARANCES:

2 MEMBERS OF THE BOARD PRESENT:

3 JACQUELINE WONG-HERNANDEZ, Chief Deputy Director, Policy,
4 Department of Finance, designated representative for Michael
Cohen, Director, Department of Finance

5 JEFFREY McGUIRE, Chief Deputy Director, Department of General
6 Services, designated representative for Daniel Kim,
Director, Department of General Services

7 CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of
8 the State of California

9 JUAN MIRELES, Director, School Facilities and Transportation
10 Services Division, California Department of Education,
designated representative for Tom Torlakson, Superintendent
of Public Instruction

11 SENATOR BENJAMIN ALLEN

12 SENATOR JANET NGUYEN

13 SENATOR RICHARD PAN

14 ASSEMBLYMEMBER ADRIN NAZARIAN

15 ASSEMBLYMEMBER ROCKY CHAVEZ

16 REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

17 LISA SILVERMAN, Executive Officer

18 REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE
19 OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

20 LISA SILVERMAN, Executive Officer
BARBARA KAMPMEINERT, Deputy Executive Officer

21 REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES,
22 OFFICE OF LEGAL SERVICES PRESENT:

23 TOM PATTON, Assistant Chief Counsel

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25

P R O C E E D I N G S

CHAIRPERSON WONG-HERNANDEZ: Good afternoon. It's a little past 4:00 and we don't have a quorum yet, but we're going to go ahead and start as a subcommittee so we can move this process along and take up some of the informational items and be respectful of everyone's time.

So if you are following along, we're going to start with the **Executive Officer's** report.

MS. SILVERMAN: Hi. So I wanted to share with the Board a few items tonight. Just want to give the Board an update on the priority funding apportionment.

So the Board took action on 90 projects for 191 million, and we have about 75 million that have come in for the funds. So that's great progress we wanted to share with the Board, but those folks that have outstanding apportionments, we need your documentation by June 19th. So we've been reaching out to those folks to make sure they hit the timeline.

And the second item is we wanted to announce that the priority funding certification round is coming up and that is May 9th through June 7th, so if you have an unfunded approval granting you your project taken action by the Board, then you have the ability to submit your certification during that time frame.

1 And those certifications, if we received by
2 June 7th, those are valid from July 1st through
3 December 31st. And those projects will be eligible for a
4 fall bond sale.

5 We also wanted to announce that we have been
6 active with workshops and we have two career tech education
7 workshops. One is in Van Nuys and that's on May 30th and
8 that will be at the Van Nuys State Office Building there in
9 Van Nuys, and we also have May 31st, Riverside County Office
10 of Education will be hosting a career tech education
11 workshop.

12 In addition -- I know it's not on here, but we've
13 also been featuring workshops with small school districts.
14 We actually had one executed with Department of Education
15 and Division of State Architect and that was in Auburn last
16 Friday.

17 And we're also hosting two more, one in Whittier
18 on May 30th and actually -- in a few weeks, we'll actually
19 have one in Shasta County in Redding. So if you haven't
20 already done so, we encourage districts to come to our
21 workshops. They're actually free of charge.

22 One other note on the career tech education item,
23 we did want to highlight that applications are due to
24 Department of Education on October 19th and the Executive
25 Officer's Statement has it October 30th. So that timeline

1 has been adjusted.

2 Another note is the regulations are in effect for
3 the Seismic Mitigation Program, meaning that we -- the Board
4 took action in January to approve regulations to extend the
5 program for seismic mitigation projects and additionally,
6 the regulations have been approved to have eligibility
7 updates for new construction and those regulations are in
8 effect as of April 16th.

9 And with that, the last item is May 23rd, we have
10 our next Board meeting.

11 CHAIRPERSON WONG-HERNANDEZ: Thank you. Welcome.
12 I think we've got a quorum, so thank you for that.

13 Actually, before we do the roll, is there any
14 public comment on the information item that was just
15 presented? Okay. Seeing none, Ms. Jones, if you'd like
16 to --

17 MS. JONES: Senator Allen.

18 Senator Nguyen.

19 Senator Pan.

20 Assemblymember Nazarian.

21 ASSEMBLYMEMBER NAZARIAN: Present.

22 MS. JONES: Assemblymember Chavez.

23 ASSEMBLYMEMBER CHAVEZ: Present.

24 MS. JONES: Assemblymember O'Donnell.

25 Juan Mireles.

1 MR. MIRELES: Here.

2 MS. JONES: Cesar Diaz.

3 MR. DIAZ: Here.

4 MS. JONES: Jeffrey McGuire.

5 MR. MCGUIRE: Present.

6 MS. JONES: Jacqueline Wong-Hernandez.

7 CHAIRPERSON WONG-HERNANDEZ: Here.

8 MS. JONES: We have a quorum.

9 CHAIRPERSON WONG-HERNANDEZ: Thank you. So the
10 State Allocation Board is officially convening and we're
11 going to move on to some action items. The first of those
12 is approving the **Minutes** for the March 21st meeting.

13 Hopefully, everyone has had a chance to review
14 those. Any comments from Board members? No? Any comments
15 from the public on the Minutes? Okay. Is there a motion.

16 MR. DIAZ: Motion to approve.

17 ASSEMBLYMEMBER CHAVEZ: Second.

18 CHAIRPERSON WONG-HERNANDEZ: We have a motion and
19 a second.

20 MS. JONES: Assemblymember Nazarian.

21 ASSEMBLYMEMBER NAZARIAN: Aye.

22 MS. JONES: Assemblymember Chavez.

23 ASSEMBLYMEMBER CHAVEZ: Aye.

24 MS. JONES: Juan Mireles.

25 MR. MIRELES: Aye.

1 MS. JONES: Cesar Diaz.

2 MR. DIAZ: Aye.

3 MS. JONES: Jeffrey McGuire.

4 MR. MCGUIRE: Aye.

5 MS. JONES: Jacqueline Wong-Hernandez.

6 CHAIRPERSON WONG-HERNANDEZ: Aye.

7 MS. JONES: And the motion carries.

8 CHAIRPERSON WONG-HERNANDEZ: Thank you.

9 MS. JONES: Do you want to mention that we'll
10 leave it open?

11 CHAIRPERSON WONG-HERNANDEZ: Oh, yes. I'm sorry.
12 We'll be leaving this open for other members to add on.
13 Okay. So we'll move onto the **Consent Agenda** next.

14 MS. SILVERMAN: The Consent Agenda is ready for
15 your approval.

16 CHAIRPERSON WONG-HERNANDEZ: Okay. Unless
17 there's --

18 ASSEMBLYMEMBER CHAVEZ: Move approval.

19 MR. DIAZ: Second.

20 CHAIRPERSON WONG-HERNANDEZ: Great. Actually,
21 before we take the roll, was there any public comment on the
22 Consent Agenda? Okay. Seeing none, okay. Thank you.

23 MS. JONES: Assemblymember Nazarian.

24 ASSEMBLYMEMBER NAZARIAN: Aye.

25 MS. JONES: Assemblymember Chavez.

1 ASSEMBLYMEMBER CHAVEZ: Aye.

2 MS. JONES: Juan Mireles.

3 MR. MIRELES: Aye.

4 MS. JONES: Cesar Diaz.

5 MR. DIAZ: Aye.

6 MS. JONES: Jeffrey McGuire.

7 MR. MCGUIRE: Aye.

8 MS. JONES: Jacqueline Wong-Hernandez.

9 CHAIRPERSON WONG-HERNANDEZ: Aye. And again,
10 holding that open. Okay.

11 Okay. The next item I have is another information
12 item, the **Status of the Fund Releases**.

13 MS. SILVERMAN: Yeah. So we wanted to draw your
14 attention to Tab 5 which is page 70 and actually we have
15 been disbursing funds as a result of the apportionments that
16 actually occurred in December.

17 So we have \$4.9 million that was disbursed in
18 March and we didn't report that outward basically because I
19 know we had a short agenda in March and also wanted to
20 highlight on page 72, we've been active with the program and
21 in summation, we actually have -- in the Consent Agenda,
22 there's 27 items that were granted for your approval today,
23 and so that equated to nearly \$77.6 million which is great
24 news for the program. And that also includes 18 projects
25 for 18.7 million and that is rescissions and recoveries.

1 And on page 73, we also wanted to highlight there
2 was nine Emergency Repair Program grants that were also
3 approved as part of the Consent Agenda and that was for
4 \$1.1 million. And that's all we have.

5 CHAIRPERSON WONG-HERNANDEZ: Okay. Thank you. Is
6 there any public comment on this item? Okay. Seeing none,
7 we'll move onto the next item of **Status of Funds** or is that
8 fully covered within the Status of Fund Releases. Okay.

9 All right. Well, then we're moving onto Tab 6,
10 right? We're up for appeals.

11 MS. KAMPMEINERT: So our first appeal on the
12 agenda today is for **Burnt Ranch** in Trinity County. This is
13 a small, one-school school district that was before this
14 Board in August of 2017 for a project to address mold issues
15 throughout their entire campus that resulted in the closure
16 of the school and the need to bring in interim housing for
17 the students.

18 At the time, the Board approved the district for
19 an immediate apportionment for design funding. They did
20 receive that funding. They went ahead and got the necessary
21 approvals from the State Architect, Department of Education,
22 and the project is ready to go to contract right now.

23 The district is a financial hardship district
24 meaning that they are relying on the state funding at this
25 point to complete the construction project and get the kids

1 back in to the classrooms.

2 So the appeal today, they are requesting that the
3 project be approved on an immediate apportionment basis
4 rather than waiting for the next bond sale, so that way they
5 can get the contracts awarded and get started on
6 construction.

7 In addition to the health and safety nature of the
8 project, they also have extreme weather circumstances where
9 they have a very small window to construct before they get
10 heavy rains.

11 There are two options for the Board. Under
12 Option 1, it would approve the project on an immediate
13 apportionment basis, allowing the district to access cash
14 very soon, and Option 2 approves the project.

15 It is ready for Board approval even as an unfunded
16 approval, but staff does recommend that the Board approve
17 Option 1 so that the district can access the cash and get
18 started and get the kids back into their classrooms. And
19 I'm available for any questions and the district is also
20 here to address any questions.

21 CHAIRPERSON WONG-HERNANDEZ: Thank you. And thank
22 you to your whole staff for their work on this. I know that
23 this was a lift and there was a lot of staff involvement and
24 we appreciate your efforts to bring this forward.

25 Are there any questions or comments from Board

1 members? Okay. Any public comment on this item?

2 So I think this is a really compelling case and I
3 would be very comfortable entertaining a motion for the
4 staff recommendation to approve the expedited apportionment.

5 ASSEMBLYMEMBER CHAVEZ: Move approval of the
6 Option 1 to expedited apportionment outside the priority
7 funding process for the project as shown on Attachment 4.

8 MR. DIAZ: Second.

9 CHAIRPERSON WONG-HERNANDEZ: Motion and a second.

10 MS. JONES: Okay. Senator Allen.

11 SENATOR ALLEN: Aye.

12 MS. JONES: Assemblymember Nazarian.

13 ASSEMBLYMEMBER NAZARIAN: Aye.

14 MS. JONES: Assemblymember Chavez.

15 ASSEMBLYMEMBER CHAVEZ: Aye.

16 MS. JONES: Juan Mireles.

17 MR. MIRELES: Aye.

18 MS. JONES: Cesar Diaz.

19 MR. DIAZ: Aye.

20 MS. JONES: Jeffrey McGuire.

21 MR. MCGUIRE: Aye.

22 MS. JONES: Jacqueline Wong-Hernandez.

23 CHAIRPERSON WONG-HERNANDEZ: Aye. And again,
24 we'll keep that roll open for others to add on.

25 MS. JONES: Yes.

1 CHAIRPERSON WONG-HERNANDEZ: Thank you. Okay. So
2 the next item is the **San Marcos Unified Appeal**.

3 MS. SILVERMAN: Yes. Tab 6, may I draw your
4 attention to page 115. So the issue at matter is the
5 district is requesting to retain unspent site acquisition
6 grants.

7 Back in December of 2010, the district received
8 over \$14.5 million in new construction funds to build an
9 elementary school and with that they also received \$526,850
10 for site acquisition.

11 The district self-reported their expenditures back
12 to our office and it didn't have an audit component to it,
13 meaning we accepted expenditures as reported and the
14 district noted that they spent only \$499,999 in site
15 acquisition grants.

16 So we had sought that the district to return the
17 grants. We notified them that we accepted the expenditures
18 as reported; however, there was one condition that we
19 highlighted that the site grant specifically was unspent.

20 So that meant 50 percent of the remaining grant of
21 \$13,426 must be returned back to the state. So site
22 acquisition grants is a statutory adjustment and those
23 adjustments occur up and down, meaning there's increases
24 that we provide districts even if it is self-reported
25 information and there's also decreases, and those decreases

1 are also -- districts are notified of those decreases and
2 funds are returned back to the state.

3 So the district is relying on a two-year audit
4 window as a basis of their appeal. The district would like
5 to retain the site acquisition funds and categorize that as
6 savings.

7 Unfortunately, statute and regulations doesn't
8 permit the district to retain unspent acquisition funds. So
9 again, the statute requires that the funds be returned back
10 and the regulations state that the adjustment must be made
11 whether or not it's an increase or a decrease related to
12 site acquisition grant funds.

13 So on page 117, we wanted to highlight for the
14 Board specifically giving the Board a history of how many
15 times we've actually made site adjustments, increases and
16 decreases, over the years, and you could see just by the
17 blue indication of our charts that we've granted a number of
18 increases over the years and that equate to over
19 \$51.7 million of increases that have been provided to
20 districts and decreases are about 20.3 million. So the
21 increases outweigh the decreases and that's something we
22 wanted to share with the Board.

23 And on page 118, we also wanted to highlight
24 specifically the adjustments that occurred from January 1st,
25 2015, through February 6th, 2018. There have been 95 site

1 adjustments as it relates to the program.

2 The site increases again have shown that the
3 increases outweigh the negative decreases. So \$1.5 million
4 has been awarded to districts for those site increases over
5 the last three-year period and again those increases
6 outweigh the decreases.

7 And we believe that even though on page 119 -- the
8 district has achieved savings. We don't disagree with that
9 and the savings issue isn't what is in dispute. What's in
10 dispute is really the unspent site acquisition funds.

11 So we are requesting that -- staff doesn't have
12 the administrative ability to grant that request and we're
13 asking that the Board not approve the district's request and
14 seek the 13,426 be returned back to the state.

15 CHAIRPERSON WONG-HERNANDEZ: Thank you,
16 Ms. Silverman. Are there questions or comments from Board
17 members on this item? I had to have it explained to me a
18 couple of times. I don't want to assume that everybody
19 fully understood. Go ahead.

20 MR. MIRELES: Do we know why the district didn't
21 report the 26,000 in their expenditure report?

22 MS. SILVERMAN: We contacted the district and they
23 have not provided us any reason why they have not spent the
24 funds nor have they given us an explanation or provided us
25 additional documentation.

1 MR. MIRELES: Do we have anybody from the district
2 here? No.

3 CHAIRPERSON WONG-HERNANDEZ: Sorry. Was there
4 anybody from the district? Did you hear Mr. Mireles? He's
5 asking if anyone's here from the district.

6 MS. SILVERMAN: No, not that we know of.

7 CHAIRPERSON WONG-HERNANDEZ: Okay. All right. Is
8 there any public comment on this item?

9 Okay. So seeing none, from my perspective, it
10 seems like the policy question is really -- they got a site
11 acquisition grant to cover those costs. They spent less
12 than that.

13 I mean it seems very clear to me that this is sort
14 of the process. I'm not sure where other -- how other Board
15 members -- feel like there needs to be, if I'm
16 understanding, some sort of -- part of the discussion. I
17 feel very comfortable entertaining a motion on the staff's
18 recommendation.

19 ASSEMBLYMEMBER NAZARIAN: Is there even a need for
20 action?

21 MS. SILVERMAN: Absent of having six votes for --
22 to overturn staff's position --

23 CHAIRPERSON WONG-HERNANDEZ: Okay.

24 MS. SILVERMAN: -- so basically if there's no --
25 yeah. No motion --

1 CHAIRPERSON WONG-HERNANDEZ: Okay.

2 ASSEMBLYMEMBER NAZARIAN: And, Ms. Chair, the only
3 thing I would ask what was the time span in which you
4 attempted to contact them.

5 MS. SILVERMAN: Well, the item was agendized
6 originally in February. So the district, during our process
7 of notifying of our position during their appeal and
8 notifying the district their appeal is being heard in
9 February, there is communication with them.

10 They've obviously had our recommendation to the
11 Board. They saw the staff report. So that communication
12 was occurring between January and February. And then -- so
13 they requested a postponement before the February Board and
14 so we actually since that time have been contacting them as
15 well, repurposing the report and sharing with them that it's
16 going to be going to the April Board.

17 And so those contacts have been with -- there
18 hasn't been any contact back with us. So we submitted the
19 appeal -- I mean our position again and again we haven't
20 heard back from the district.

21 CHAIRPERSON WONG-HERNANDEZ: Prior to any of that
22 process starting, you had a communication in which you
23 essentially told them this is -- you know, you owe the
24 13,000 back.

25 MS. SILVERMAN: Right.

1 CHAIRPERSON WONG-HERNANDEZ: And that's what sort
2 of started this process. When did that start?

3 MS. SILVERMAN: That occurred over the summer of
4 2017.

5 CHAIRPERSON WONG-HERNANDEZ: Summer of 2017?

6 MS. SILVERMAN: Yeah. We communicated to the
7 district that they owe 13,000 back and gave them the ability
8 to submit expenditures to reconcile any differences, and at
9 that point in time, we hadn't -- they wanted to appeal.

10 So we've provided them the opportunity to provide
11 additional expenditures.

12 CHAIRPERSON WONG-HERNANDEZ: Any additional
13 questions? Okay. So I guess I did not need a motion, but I
14 appreciate you, Senator Allen, for being there and unless
15 anyone wants to move otherwise, we'll just continue along.

16 Thank you for the report. We appreciate it.

17 MR. MIRELES: I do have one other just
18 clarification.

19 CHAIRPERSON WONG-HERNANDEZ: Yeah.

20 MR. MIRELES: Just to make sure, just to confirm,
21 there have been a lot of other projects that have been
22 adjusted after the two-year period and a lot of those -- I'd
23 say the majority on page 118 have resulted in an increase to
24 their grants; is that correct?

25 MS. SILVERMAN: That's correct.

1 MR. MIRELES: This particular case, it would have
2 been a decrease, but overall the other adjustments have
3 resulted in increases to their grants.

4 MS. SILVERMAN: Absolutely. This is the only item
5 that has been appealed.

6 CHAIRPERSON WONG-HERNANDEZ: Okay. We have --

7 MS. SILVERMAN: The workload, right, Tab 7. Any
8 questions on the workload?

9 CHAIRPERSON WONG-HERNANDEZ: No? Okay. Any
10 public comment on the workload report in Tab 7? Okay.

11 Seeing none, the only other thing that I wanted to
12 make sure that the Board was aware of is Ms. Silverman sent
13 all of the State Allocation Board members notification
14 yesterday to advise that the Office of Administrative Law
15 has made a determination related to the February 23rd
16 petition that was filed alleging that this Board was
17 operating under an underground regulation as it related to
18 the matter of not applying the 2017 grant amounts to the
19 projects that the SAB approved on June 5th, 2017.

20 You all were here. I was not. But we have talked
21 about this at length.

22 In addition, the petition contended that the SAB
23 failed to follow procedures in accordance with our own sort
24 of Board rules and procedures related to hearing two appeals
25 on that particular topic.

1 The Office of Administrative Law has notified the
2 petitioner that it declined to accept the petition. So
3 prior to the filing of that petition, OPSC received two
4 appeals on the topic and after conferring with legal
5 counsel, it was determined that there was no legal basis for
6 us to consider an appeal of our own action.

7 And so the appeals were sent back to the
8 requesting school districts.

9 Since then, we've received 14 more appeals prior
10 to the petition being denied. Now that the Office of
11 Administrative Law has communicated that to us, I plan to
12 notify those districts that their appeals will not be heard.

13 So I don't know if anyone have any comments on
14 that or hopefully you've had a chance to spend some time
15 with it and if you have any questions about the email
16 Ms. Silverman sent, please contact her directly.

17 Okay. Any public comment about any other issues
18 under the purview of this Board? Okay. Seeing none -- go
19 ahead.

20 ASSEMBLYMEMBER NAZARIAN: Just to clarify for the
21 action that we didn't take an action for, do we need to take
22 an action to bring closure?

23 MS. SILVERMAN: No.

24 ASSEMBLYMEMBER NAZARIAN: No, right?

25 CHAIRPERSON WONG-HERNANDEZ: Yeah. Thank you.

1 ASSEMBLYMEMBER NAZARIAN: Thank you.

2 CHAIRPERSON WONG-HERNANDEZ: Thank you. Okay.

3 Well, I don't have any further business, but we're going to
4 hold the roll open for additional members to add on and so
5 this meeting is not adjourned, but I think you can roll
6 through this. Everybody who's voted is free to go except
7 me.

8 MS. JONES: Okay. Senator Allen and Senator
9 Nguyen, how do you vote on the Minutes?

10 SENATOR ALLEN: Aye.

11 SENATOR NGUYEN: Aye.

12 MS. JONES: Thank you. And then how do you vote
13 on the Consent Calendar.

14 SENATOR ALLEN: Aye.

15 SENATOR NGUYEN: Aye.

16 MS. JONES: Thank you. And then how do you vote
17 on Burnt Ranch -- actually Senator Nguyen.

18 SENATOR NGUYEN: Aye.

19 MS. JONES: Thank you. And all the motions carry.
20 Senator Pan, how do you vote on the Minutes?

21 SENATOR PAN: I vote aye.

22 MS. JONES: Thank you. How do you vote on the
23 Consent Calendar?

24 SENATOR PAN: Aye.

25 MS. JONES: And then how do you also vote on Burnt

1 Ranch?

2 SENATOR PAN: Aye.

3 MS. JONES: Great. Motions carry.

4 CHAIRPERSON WONG-HERNANDEZ: Thank you. We are
5 adjourned.

6 (Whereupon, at 4:29 p.m. the proceedings were
7 adjourned.)

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REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

That the proceedings herein of the California State Allocation Board, Public Meeting, were duly reported and transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on April 29, 2018.

Mary C. Clark
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